

Romance of Money Stirs Emotions Untouched by Its Intrinsic Worth

Every Coin Has a Marvellous
Story for Those With Vision
to Read It--What the World's
Currency Means



WOMEN at WORK in the MONEY
SHOP COUNTING SHEETS of BILLS

By HAMILTON PELTZ.

EVERY coin in your purse is redolent of romance—if you have the vision to read its message.

Money—at least money in more or less limited quantities—is one of the common-place factors of daily life. Every man, unless he be a pauper, usually has enough coin of the realm to ring a metallic jingle in his pocket. If he has a few bank bills or Treasury notes folded away in his wallet also so much the better for him.

He parts with them daily, the coin and the bills, with little thought either of their individual history or of their uncertain destiny. They are to him a mere medium of exchange, a measure of values. He spends them for a car fare here, a newspaper there, a telephone call now and then or a more or less good dinner and gives the matter little thought. That the day's aggregate of expenditure has swelled by so much is his own particular share of the penalty exacted by the High Cost of Living. That is all.

The currency with which he pays for a shine, buys a Christmas turkey or meets his weekly payroll listing thousands of employees; the dimes, the quarters, the nickels, the one dollar bills, the "five-spots" and the golden backed notes of larger denomination are mere counters in the game of earning and spending. They are familiar; more commonplace than his toothbrush or his favorite old pipe.

Where Romance Enters.

But there is a wealth of romance in money quite apart from its intrinsic worth. Volumes have been written upon its economic and its politico-economic aspects. Perhaps some day some genius gifted with vision, unfettered by a too crass materialism, may write adequately the greater story of the romance of money.

Suppose that every coin as it passes daily, or often hourly, from palm to palm, by some spirit process of engraving could imprint upon its obverse and its reverse a log with the eagle and the image of the goddess the true story of its travels. It might be a story, if the coin were not too recently minted, of the sloppy bar of a cheap saloon, of the mysterious recesses of milady's handbag, vanity case or purse, of excursions into the collection plate for the benefit of foreign missions and into the pocket of the crook who slapped the till. Perchance it would tell how it had done its modest "bit" for the Wartime Community Service or in a Red Cross drive and later had been humbled by being flung as a tip to a grimy bootblack. Thousands of its fellow coins would have tales to tell of their pilgrimages through telephone slot machines, linking the wires for a death message on one day and for a flirtation between a giggling girl and a callow boy on the next.

Or, take the paper money in common circulation. Suppose the beautifully engraved vignettes of Washington on the one dollar bill or of Lincoln on the "five-spot" were endowed with sight, hearing, memory and speech. Oh, what a yarn they could spin of the strange adventures they had witnessed, of the odd transactions to which they had been silent partners in their melodramatic careers from the moment they were born, fresh and crisp, in the Bureau of Engraving and Printing until the Treasury Department retired them from service, ill favored, crippled, disfigured!

Runs the Gamut of Emotions.

That story would run the gamut of all the emotions, of all the virtues and vices. It would be a mosaic of love and of lust, of bribery and philanthropy, of blackmail and venison, of the parson's salary, the gamester's winnings and the thief's loot; a narrative of travel in a fat wallet, and then perchance of decadence amid a miser's hoarded savings; a story of luxury and squander, of opulence and penury, of the lavish spendthrift and the stingy misanthrope.

Of course, money has been made to serve such diverse ends that one can hardly expect even great men to agree upon its merits. Sophocles, for instance, said:

"Never did such evil institution as money serving up to mortals; it lays waste cities, it drives men from their homes to roam; it seduces and corrupts the honest mind, turns its virtuous thoughts to deeds of baseness; it has taught men villainy and how to perform all impious works."

NEW BUILDING
of the
BUREAU OF
ENGRAVING
AND PRINTING
UNCLE SAM'S
MONEY
SHOP

On the other hand it was the wise and gentle essayist and philosopher, Ralph Waldo Emerson, who wrote:

"The value of money is to buy just things; a dollar goes on increasing in value with all the genius and all the virtue of the world. A dollar in a university is worth more than a dollar in a jail; in a temperate, schooled, law abiding community than in some sink of crime, where dice, knives and arsenic are in constant play."

Perhaps neither of these utterances was one whit wiser nor closer to the bull's-eye of truth than the dictum spoken by Horace Binney, one of the most eminent of lawyers—and a Philadelphia lawyer at that—who died in 1847. Mr. Binney said:

"Money is useful or pernicious, a blessing or a benighted power, according to the moral relation of an individual to it."

Money Defined.

What is money? There is much confusion concerning that. As E. M. Boynton said: "People confound money with capital, the absurdity of which is shown by the fact that seldom more than two per cent. of a nation's property is in capital." It may not be amiss to cite a clear definition of just what money is before discussing further the romance of big as well as of little money, how much money there is in the world, how it is distributed, whence it comes, whether it goes and some of the romantic aspects of its career between the periods of its issue and its "scrapping."

This is the *Standard Dictionary's* definition of money:

"Any material that by agreement serves as a common medium of exchange and measure of value in trade. Among primitive peoples various articles, some having intrinsic value, as cattle, copper wire, pieces of cloth, others having arbitrary value, as wampum, beads or cowrie, are to have been accepted by custom as money. From early times commercial nations have used gold and silver, current by weight, as in Eastern countries, or in stamped pieces, as in Western countries, or in customary or legalized money."

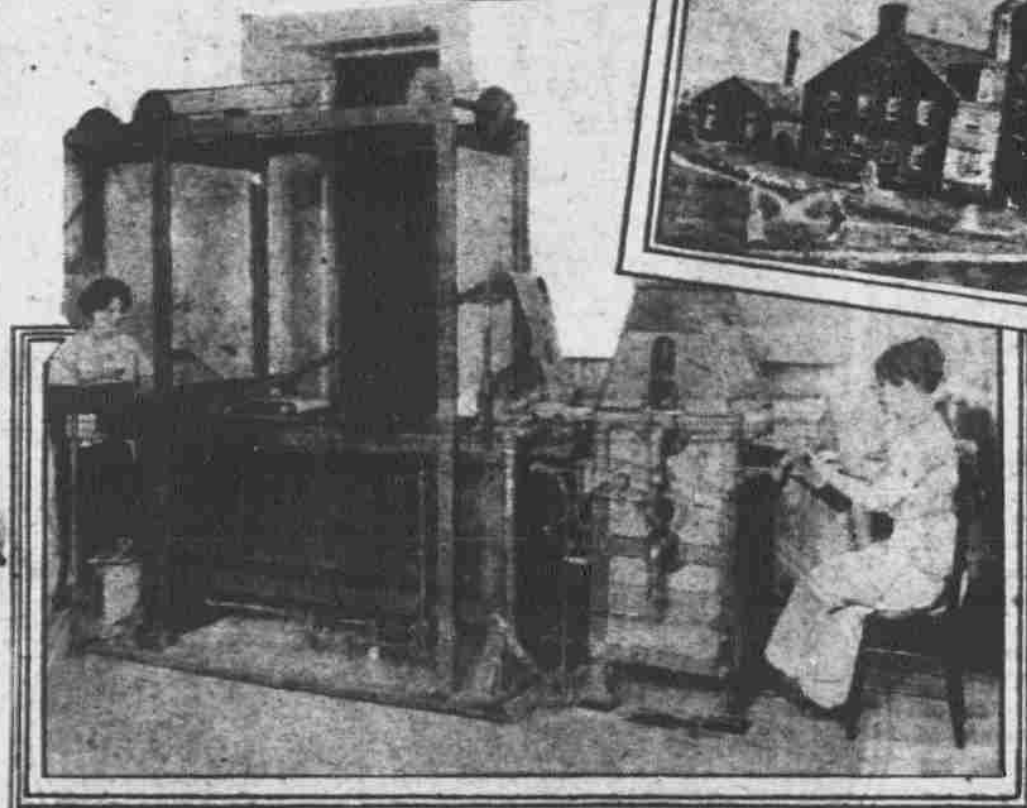
Quoting J. M. Gregory's *Political Economy*, the *Standard Dictionary* adds: "The essential natural functions of money may be stated as including these three: 1. It is a commodity having a value of its own. 2. It is a common measure of value. 3. It has general exchangeability and is, hence, a general medium of exchange."

You have frequently heard a wag, when confronted by some comparatively modest sum, say jauntily, "I didn't know there was that much money in the world!"

The World's Stock of Money.

Speaking seriously, have you any adequate idea how much money there is in the world, keeping well in mind that money does not mean capital and does not mean wealth?

From official data supplied by the Director of the Mint the monetary stocks of fifty-six of the principal countries of the world have been estimated in terms of American dollars. The computation shows



MUCH PAPER MONEY IS USED AGAIN AFTER BEING WASHED
IN THIS MACHINE.

the status of each at the end of the year 1918 in gold, silver and other metallic stock and coinage, either held in banks or public treasuries or else in circulation. It also shows the amount of paper money in circulation. In the case of the United States such paper circulation as the gold and silver certificates is not enumerated under the head of paper money, as these certificates represent, dollar for dollar, the gold and silver held in the Treasury to secure them. In tabulating the money of the fifty-six leading nations, as it was about a year ago, there is omitted \$28,432,814,000 of paper money issued down to that date by the Russian Bolsheviks, which is extremely doubtful value.

This tabulation indicates that at the time mentioned the money of the world was approximately \$50,636,558,000.

There, the secret is out! But as no reader has the power to form any concrete conception of what is a million, either in dollars or in doughnuts, much less a billion, perhaps the subject has not been greatly clarified. It is interesting to note, however, that the same tabulation computes the aggregate population of the fifty-six nations concerned at 1,529,179,000 persons. It is clear, therefore, that an equal and impartial division of the aggregate sum of money named would bestow upon each individual of these billion and a half scattered throughout North and South America, Europe, Asia, Africa and Australasia the magnificent sum of about \$33. His per capita share of the money actually in circulation at the time, however, would be nearer \$35.

In the matter of the world's gold and silver versus its paper currency some suggestive figures have been brought down to January 1, 1920, by a very high authority, and he wounds a note distinctly disquieting. O. P. Austin, who is the statistician of the National City Bank and who for many years was in the Government service in positions of trust, wrote in the *January issue*

of *The American*, which is a periodical published by the National City Bank:

"The year 1920 faces a world flooded with paper money. The paper currency of thirty principal countries of the world at the beginning of the war aggregated a little over \$7,000,000,000 at the end of the war. November, 1918, it was \$10,000,000,000, and in December, 1919, it totalled \$51,000,000,000, those figures being in round terms and exclusive of the currency issues of the Bolshevik Government, which alone are estimated at \$24,000,000,000."

The gold reserve of the thirty countries in question aggregated in 1914 a little less than \$5,000,000,000; in 1915 a little over \$7,000,000,000 and in 1919 slightly below the \$7,000,000,000 line. The ratio of gold reserve to outstanding notes in the thirty countries in question was in 1914 70 per cent.; by 1918 it had dropped to 18.4 per cent., and in December, 1919, was 13.7 per cent.

"The world paper currency at the date of the armistice was more than five times as great as at the beginning of the war, and one year later, December, 1919, was seven times as much as at the beginning of the war. The actual increase during the year succeeding the armistice was over \$10,000,000,000, or a 25 per cent. increase over that existing at the end of hostilities."

"The total of world national debts advanced from about \$40,000,000,000 at the beginning of 1914 to about \$200,000,000,000 at the present time. During all this period, in which paper currency was advancing from a little over \$7,000,000,000 to approximately \$51,000,000,000, the national indebtedness, represented by bonds and other promises to pay, from \$40,000,000,000 to \$200,000,000,000 and bank deposits and the use of bank checks showing a corresponding increase, the gold production has declined, dropping from \$400,000,000 a year at the beginning of the war to about \$300,000,000 in 1919, while the proportionate use of the newly mined gold which is being demanded in the arts and sciences is probably greater and the quantity available as a basis for currency therefore showing a comparatively small growth during the war."

"The quantity of 'gold reserve' standing behind the paper currency of the world has increased less than \$2,000,000,000 since the beginning of the war, while the face value of the paper increased about \$43,000,000,000 and the evidence of outstanding national indebtedness increased \$200,000,000,000, to say nothing of the great increase in circulating



GOLD IS COUNTED BY
WEIGHT at the TREASURY

to reflect that war has increased the national debts of the world from \$40,000,000,000 to \$200,000,000,000. But no American can observe without pride and inspiration the fact that his country—granted now of all the creditor nations—had granted loans to foreign Government down to October, 1919, aggregating \$9,646,419,494.84, and that all interest payments had been scrupulously made to date except in the case of ravished and distraught Russia, which is our debtor to the amount of \$187,729,750.

Among the romances of big money it will be ever memorable, too, that in its war time activities this country contributed in money and material to the American Red Cross \$400,000,000 and that it poured its savings into the Government's coffers in the four war time liberty loans to an aggregate of \$18,718,313,000.

Mr. Austin has spoken of the shrinkage in the production of gold from the mines during recent years. It is a fact that in every one of the gold producing countries except Mexico, which is among the least important, production has been steadily declining. America's output in 1918 was smaller than for any other year since 1878, and all the producing States of the Union, except Arizona, shared in the decline. The main causes were shortage of labor, due to war conditions, and increases in operating expenses, which made it impossible to work low grade mines at a profit.

In point of comparative production the United States stands second only to Africa in the amount of gold mined. A London authority gives, in ounces, the relative output of the various countries for the year 1915 as follows: Africa, 9,542,024; the United States, 3,313,373; Australia, 1,585,000; Russia, 830,000; Canada, 710,512; Mexico, 420,000, and all other countries, 2,203,000. This aggregates for the year 1915 15,603,929 ounces of gold mine, the value of which was about 79,000,000 pounds sterling. According to Mr. Austin, the output for 1919 showed a further shrinkage to a value of \$350,000,000.

On a Gold Basis.

With the exception of China and Persia and some of the small republics of Latin America, such as Guatemala, Honduras and Salvador, which cling to silver as their standard of metallic currency, the civilized world now is practically on a gold basis. The importance of the gold extracted from the mines each year, therefore, is obvious.

Discussing the California gold discoveries in 1848 and the opening of the Australian gold fields in 1853, the *Encyclopaedia Britannica* says: "By these events an enormous mass of gold was added to the world's supply. The most careful estimates fix the addition during the years 1851-71 at 700,000,000 pounds sterling (\$2,500,000,000), an amount nearly equal to the former stock in existence."

W. C. Hailston, who formerly was Assistant United States Treasurer at San Francisco and who is regarded as one of the country's leading authorities on gold production, suggested some aspects of big money when he wrote: "Few people realize what the production of gold has done for the United States. Its discovery in California in 1848 and the wonderful production of gold in the West were what made possible the building of the first transcontinental railroad. It was gold from the West, too, that saved the credit of the nation in 1865."

The "Forty-niner" hopefully grubbing, staving and panning for gold little realized at the time that he was blazing the trail for the first of the steel rail bonds of brotherhood that now link the Pacific with the Atlantic. One of those indefatigable toilers of the period immortalized by Bret Harte was John W. Mackay. The enormous fortune which he took out of the earth was devoted in part, in conjunction with that of the late James Gordon Bennett, to the linking of America and Europe beneath the sea by the construction of the Commercial Cable system. Mr. Mackay was a highly practical man and hard headed, but his life was a personification, an embodiment of the romance of money.

Every schoolboy knows that during the war years the lion's share of the world's gold reserve was absorbed by the United States, the primary reason being, of course, that we furnished supplies in vast quantities to the war racked countries of the Old World, which countries, busy with the struggle, had little to sell us in exchange. Thus we were exporting much more extensively than we were importing. That is merely another way of saying that the bal-

media due to increase in bank deposits and consequent use of checks, drafts and other paper of this character."

John Skelton Williams in his recent report as Comptroller of the Currency remarked that in 1919 there had not been in this country a national bank failure involving loss to depositors, and that the banking power of the country had increased 800 per cent. in the last thirty years, but he added this word of caution:

"A large volume of money cannot mean increase of real wealth while there is decrease of production and the accumulation and movement of securities and currency represent abnormally inflated values put on diminished supplies of essentials. It is clear that no country can be enriched by merely increasing prices of products produced and consumed by its own people. We might prosper for the moment if we could sell our products abroad at the higher prices and take payment in gold or in goods at normal prices; but we gain nothing when we sell and buy at corresponding abnormal prices."

All the gold in the world, aside from \$3,135,000,000 held by this country, was estimated by the Comptroller of the Currency at \$6,000,000,000, or only about 40 per cent. of the credit balance of this country in the last six years.

But this is not a disquisition upon the perils of an inflated currency or the pitfalls of an artificial prosperity. The topics in themselves would call for a voluminous, highly technical and expert treatment, if entered upon at all. Mr. Austin and Mr. Williams have been quoted, in part, because what they say emphasizes the important basic relation of gold to all metallic currency and to all legitimate paper currency as well, and partly also because the figures they cite suggest what probably has been one of the most gigantic money romances of all time—the colossal scale upon which the nations of the earth lavished their treasure and their credit, and mortgaged the credit of generations yet unborn, that they might fight to a finish a world war of unprecedented proportions.

Perhaps it is more tragic than romantic

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